

AMENDED IN ASSEMBLY JUNE 8, 2006

AMENDED IN SENATE MAY 11, 2006

AMENDED IN SENATE APRIL 18, 2006

**SENATE BILL**

**No. 1415**

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**Introduced by Senator Scott**

February 22, 2006

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An act to amend Section 17462 of the Education Code, relating to school property.

LEGISLATIVE COUNSEL'S DIGEST

SB 1415, as amended, Scott. Surplus school property: use of proceeds.

Existing law allows the governing board of any school district to sell any real property belonging to the district or to lease for a term not exceeding 99 years, any real property, together with any personal property located thereon, belonging to the district, subject to specified requirements and limitations. Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law allows a school district to deposit the proceeds from the sale or lease with an option to purchase of school district property in the general fund of the district for any general fund purpose if the school district governing board and the State Allocation Board have determined that the district has no anticipated need for additional sites or building construction for the 5-year period following the sale or lease, and the district has no major deferred maintenance requirements.

This bill would delete the authority of a school district to use those proceeds for any general fund purpose. The bill would increase from 5 to 10 years the time period following the sale or lease *with option to purchase* for which the school district governing board and the State Allocation Board are required to determine that the district has no anticipated need for additional sites or building construction. The bill would require that the proceeds from the sale or lease *with option to purchase* of school district property be used in a manner that provides for the long-term financial security of the district. The bill would prohibit a school district from using those proceeds for ongoing expenditures including, but not limited to, salaries and other operational expenses. The bill would require the State Allocation Board, in consultation with the State Department of Education, to adopt regulations that define ongoing expenditures for purposes of that prohibition. The bill would also delete obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17462 of the Education Code is  
2 amended to read:  
3 17462. (a) The funds derived from the sale of surplus  
4 property shall be used for capital outlay or for costs of  
5 maintenance of school district property that the governing board  
6 of the school district determines will not recur within a five-year  
7 period. Proceeds from a lease of school district property with an  
8 option to purchase may be deposited into a restricted fund for the  
9 routine repair of district facilities, as defined by the State  
10 Allocation Board, for up to a five-year period. In addition, the  
11 proceeds *from the sale or lease with option to purchase* may be  
12 deposited in the general fund of the district if the school district  
13 governing board and the State Allocation Board have determined  
14 that the district has no anticipated need for additional sites or  
15 building construction for the ten-year period following the sale or  
16 lease *with option to purchase*, and the district has no major  
17 deferred maintenance requirements. Proceeds from the sale or  
18 lease *with option to purchase* of school district property shall be  
19 used in a manner that provides for the long-term financial  
20 security of the district, and may not be used for ongoing

1 expenditures including, but not limited to, salaries and other  
2 general operating expenses.

3 (b) The proceeds may also be deposited into a special reserve  
4 fund for capital outlay, for costs of maintenance of school district  
5 property that the governing board determines will not recur  
6 within a five-year period, or for the future maintenance and  
7 renovation of schoolsites if the district governing board and the  
8 State Allocation Board have determined that the district has no  
9 anticipated need for schoolsites or building construction or major  
10 deferred maintenance projects for a ten-year period following the  
11 sale or lease *with option to purchase*. Proceeds deposited in the  
12 special reserve fund shall not be available for general operating  
13 expenses as provided in Section 42842.

14 (c) The State Allocation Board, in consultation with the  
15 department, shall adopt regulations that define ongoing  
16 expenditures for purposes of subdivision (a).